



SEAPORT

NORTH CENTRAL IDAHO: CLEARWATER, IDAHO, LATAH, LEWIS, & NEZ PERCE COUNTIES

EMPLOYMENT TRENDS

Seaport's seasonally adjusted unemployment rate decreased in June to 4.6 percent, down six-tenths of a percentage point from May's rate of 5.2 percent, as shown in Seaport Table 1. In June 2002, the rate was 4.6 percent. Even though the June rate decreased from May, total *Nonfarm Payroll Jobs* showed a decrease of 120 from May 2003 and 1,160 from June 2002. The decrease in June, which is usually a strong employment month, is cause for concern. Only *Construction* and *Transportation* industries recorded growth. Although there have been no major business closures since last year, employment was lost in all other industries.

SPECIAL TOPIC: Small businesses—key to economic recovery

Economic recovery for the North Central Idaho region does not depend entirely on how the largest companies fare. In fact, small businesses will be key to how quickly—or slowly—the economy picks up. Companies with fewer than 20 employees represent more than 60 percent of all private employment in the region. That's why so much of the economy's next move is riding on them. As the national economy became sluggish over the last two years, small business growth slowed and, consequently, employment began to flatten. In May a National Federation of Independent Business survey found that, nationally, fewer companies had increased their plans for capital spending despite incentives under the new federal tax plan that make such investment more attractive. For example, small companies can now write off \$100,000 vs. \$25,000 on capital goods. As the national economy begins to recover, small business in North Central Idaho can take advantage of such incentives to help grow their companies. Seaport Table 2 on page 10 provides a breakdown of North Central Idaho employers by size and county.

Seaport Table 1: Labor Force & Employment
Nez Perce County, Idaho and Asotin County, Washington

	June 2003*	May 2003	June 2002	% Change From	
				Last Month	Last Year
INDIVIDUALS BY PLACE OF RESIDENCE					
Seasonally Adjusted					
Civilian Labor Force	36,140	36,620	35,110	-1.3	2.9
Unemployment	1,670	1,910	1,600	-12.6	4.4
% of Labor Force Unemployed	4.6	5.2	4.6		
Total Employment	34,470	34,710	33,510	-0.7	2.9
Unadjusted					
Civilian Labor Force	36,130	36,530	35,120	-1.1	2.9
Unemployment	1,550	1,690	1,540	-8.3	0.6
% of Labor Force Unemployed	4.3	4.6	4.4		
Total Employment	34,580	34,840	33,580	-0.7	3.0
JOBS BY PLACE OF WORK					
Nonfarm Payroll Jobs** - NAICS	26,600	26,720	27,760	-0.4	-4.2
Goods-Producing Industries	4,300	4,310	4,690	-0.2	-8.3
Natural Resources & Mining	190	200	230	-5.0	-17.4
Construction	970	940	1,150	3.2	-15.7
Manufacturing	3,140	3,180	3,300	-1.3	-4.8
Wood Product Manufacturing	540	570	620	-5.3	-12.9
Food Manufacturing	100	90	100	11.1	0.0
Paper Manufacturing	1,210	1,210	1,240	0.0	-2.4
Other Manufacturing	1,290	1,310	1,340	-1.5	-3.7
Service-Providing Industries	22,300	22,420	23,080	-0.5	-3.4
Trade, Transportation & Utilities	6,030	6,020	6,130	0.2	-1.6
Wholesale Trade	620	620	640	0.0	-3.1
Retail Trade	4,090	4,100	4,150	-0.2	-1.4
Utilities	90	90	90	0.0	0.0
Transportation & Warehousing	1,230	1,210	1,250	1.7	-1.6
Information	360	360	380	0.0	-5.3
Financial Activities	1,830	1,830	1,810	0.0	1.1
Professional & Business Services	1,500	1,530	1,540	-2.0	-2.6
Education & Health Services	3,780	3,820	3,980	-1.0	-5.0
Leisure & Hospitality	2,550	2,590	2,740	-1.5	-6.9
Other Services	1,180	1,190	1,200	-0.8	-1.7
Government Education	2,320	2,340	2,480	-0.9	-6.5
Government Administration	1,880	1,870	1,950	0.5	-3.6
Government Tribes	870	870	870	0.0	0.0

*Preliminary Estimate

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

SPECIAL TOPIC: North Central Idaho City Population

Population in North Central Idaho cities between 2000 and 2002 decreased, according to data recently released by the U.S. Bureau of Census. Smaller cities in the region decreased at a faster rate, but overall the city of Lewiston lost the most population. Statewide the census estimates reconfirmed that since the late 1990s, Idaho's growth has been concentrated in the Boise Valley and the Coeur d'Alene area. Population information for 200 Idaho cities is shown on FYI Table 1, pages 23-26. Cities are listed in alphabetical order; the county name is included.

Seaport Table 2: North Central Idaho Employers by Employee Size

Number of Employees	North Central Idaho	Clearwater County	Idaho County	Latah County	Lewis County	Nez Perce County
TOTAL	3328	338	567	950	175	1299
0 to 4	1865	209	352	526	112	665
5 to 9	652	57	109	193	29	264
10 to 19	420	41	60	114	21	184
20 to 49	258	19	30	81	9	119
50 to 99	80	8	10	21	4	37
100 to 249	40	4	5	12	N/A	19
250 plus	15	N/A	N/A	4	N/A	11

AREA DEVELOPMENTS

Clearwater County

- As timber related jobs have been cut, tourism associated with chinook salmon fishing is playing a bigger role in the county's economy. Fishing got a major break in July with the reopening of the spring hatchery chinook season on the lower Clearwater River and the North Fork Clearwater River. The season was re-opened because the Dworshak National Fish Hatchery has received sufficient brood stock for program continuation.
- Hiring has begun for a new manufacturer that will start production by the middle of September at the Orofino Business Park. Seismic Tech, a subsidiary of Plumber One in Carson, California, is selecting its managers now and will choose the remainder of its employees later. Seismic Tech will manufacture hand-assembled, individually tested earthquake activated shut-off valves for home and commercial gas pipes. The company will employ 100 to 150 workers in the next two years, including assemblers and production managers.

Idaho & Lewis Counties

- Three Idaho County communities were recently awarded a total of \$60,020 in federal community assistance and economic action grants. The money is available in the form of cost-share funds through the Forest Service's Rural Community Assistance Program and the National Fire Plan-Economic Action Program. Framing Our Community, an economic development group in Elk City, will receive \$20,020. The group plans to establish a small timber business incubator to develop businesses that use fuels reduction and forest restoration materials to manufacture value-added wood products. Such business will sell to urban and niche markets using e-commerce technology as well as traditional forms of marketing. Syringa General Hospital in Grangeville will receive \$20,000 to assist with the construction of a Community Education and Emergency Services building. Kooskia Revitalization Committee will receive \$20,000 to help build a fire station to house fire equipment and a training classroom for the Harpster Volunteer Fire Association.

- The Cottonwood Fire Department was recently awarded a \$94,500 federal grant to purchase a fire-fighting vehicle. Cottonwood is one of 219 districts across the nation to receive money from the Assistance to Firefighters Program, administered by the U.S. Department of Homeland Security's Emergency Preparedness and Response Directorate, which includes the Federal Emergency Management Agency and the U.S. Fire Administration.

Latah County

- Officials at both Washington State University (WSU) and the University of Idaho (UI) say world events, such as the attacks on Sept. 11, 2001, and the recent war in Iraq, have led to more federal money being directed to homeland security and defense research. James Petersen, WSU's vice provost for research, said federal money for research is up about \$10 million at WSU from the previous year. Research money has also increased at the UI, with federal funding for 2003 estimated to be at about \$63.1 million, up from \$48.9 million in 2002. UI's total research funding was approximately \$77 million for 2003. While the government isn't making a great deal more money available, both universities have a niche in security and defense research and are applying for grants more aggressively.
- UI staff will not be cut to offset a budget shortfall, according to interim president Gary Michael. "The last thing I would look at is people. I'll be looking at other (areas) first. I'm not going to cut things unless we have solutions," Michael said. He said it would probably take another four years to solve all the university's financial problems, which include a \$30 million state funding shortfall and \$12 million in accumulated deficits.

Nez Perce and Asotin Counties

- Potlatch Corporation, the Lewiston-Clarkston Valley's largest private employer, has posted a quarterly profit of \$6.8 million for the April to June 2003 quarter, according to an earnings report released in July. Starting in 2000, Potlatch has posted losses that have

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been progressively worse, with the company reporting a \$234.4 million shortfall by the end of 2002. In the first quarter of this year, Potlatch's performance began to improve when it lost only \$8.9 million, which was substantially better than the same time last year. Two factors helped push the company to profitability in the second quarter. In June, Potlatch closed a sale of 15,300 acres of hardwood timber in Arkansas for an undisclosed amount. At the same time, Potlatch received a \$24.9 million payment from the U.S. Internal Revenue Service as a resolution to a tax dispute. In addition to the land sale and IRS settlement, Potlatch posted a modest profit in the wood products segment of \$2.3 million. "Wood products shipments from Canada continue to dampen domestic lumber prices, but the strong housing market has allowed us to increase shipments of lumber," said L. Pendleton Siegel, Potlatch's chairman and chief executive officer. Potlatch makes dimensional lumber and cedar products at Clearwater Lumber in Lewiston, which has about 300 workers. Still Potlatch faces challenges. The consumer products division, which

employs about 650 in Lewiston, lost \$5 million in the second quarter. "Markets for consumer tissue products continued to be very competitive during the quarter," Siegel said in a statement. "Net selling prices suffered, falling 10 percent compared to the second quarter of 2002." Company officials believe the dip is part of a short-term, cyclical trend and that in the long term, consumer products will be a major growth area for Potlatch. The consumer products division includes paper towels, paper napkins, facial tissue, and toilet paper. Although the pulp and paperboard division also didn't make money—it lost \$1.2 million—company officials point out that was an improvement from the same time last year, when it lost \$7.3 million.

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